

NOVEMBER 2020

# TRS NEWS



MEMBER  
EDITION



THE NEWSLETTER of the TEACHER RETIREMENT SYSTEM of TEXAS

## TRS Annual Statements Mailed



It's that time of year for you to receive your TRS annual statement. TRS mailed statements in batches throughout October and November, and all statements will be mailed before Dec. 1, 2020. If your friend receives theirs before or after you do, don't worry; we are mailing a statement to all TRS active members.

Your annual statement is one of the most important documents you will receive from TRS. It includes information about your membership and information that may be helpful in planning your future retirement.

### No Annual Statement

If you became a new member of TRS or recently returned to TRS-covered employment after the end of the 2019-20 school year, you will not receive an annual statement until fall 2021.

### Review Your Annual Statement Carefully

Review your statement and notify TRS immediately if information about compensation or years of service credit is incorrect. You may have an opportunity to have corrections made to your service and compensation credit for the 2019-20 school year without having to pay the actuarial cost for the additional credit.

Please refer to the [2020 Annual Statement](#) information on the TRS website for more information.



### Understanding Your Member Statement

Need help reading your statement? Watch our [Understanding Your Member Statement](#) video as it walks you through the main sections of your statement.

### Where to Watch

[TRS Member Education Videos](#) page on the TRS website

[TRSofTexas](#) YouTube channel

## TRS Implements Enhancements to TRS-ActiveCare for the 2021 Plan Year

In late 2019 and early 2020, TRS met with hundreds of school districts to get feedback on ways to improve TRS-ActiveCare. We consistently heard that districts were looking to improve the affordability of premiums and deductibles for employees, particularly those with children.

Based on the feedback, TRS decreased premiums by up to 8% on most of the plan tiers, added more network choices, simplified coverage, and created two new statewide plans with copays for doctor visits.

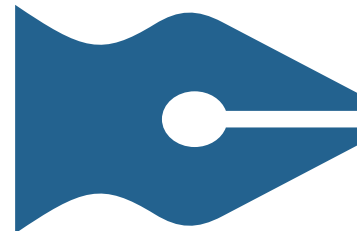
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# Memo to Members

from  
Executive Director  
Brian K. Guthrie



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The Teacher Retirement System of Texas does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the provision of services. A copy of the complete TRS plan is available at the above address during normal business hours.

### Greetings to our active members,

For all of us, 2020 has been an unprecedented year. We imagine this year has presented challenges for you and your families as well. To keep all our members and employees safe, we've been conducting all meetings virtually for the past several months. In late October, TRS started allowing on-site member visits in a limited capacity based on advance reservation. See **page 4** for more information on this limited reopening. As we enter the new year, we're looking forward to the day we can start seeing all our members in person again.

Every year, TRS sends an annual statement to members. Keep an eye out for your 2020 annual statement; you will be receiving it in the mail soon, if you have not already. Your statement is one of the most important documents you will receive from TRS, as it contains information that can be helpful in planning your future retirement. We've also released a new video that helps members better understand the information on their statement. See **page 1** to read more.

As a reminder, the 87<sup>th</sup> Texas Legislature will convene on Jan. 12, 2021. We don't yet know what legislation will be considered, but it's always possible that proposed bills may affect TRS programs and operations. While the final status of many bills may not be known until June, we understand many of you are very interested in any legislation involving TRS programs. To learn how to stay informed, please refer to our article on **page 8**.

TRS is also excited to unveil new enhancements coming to TRS-ActiveCare for the 2021 plan year! Based on feedback from hundreds of school districts, TRS has been working to improve plan affordability and provide more network choices. This edition shows TRS' solutions to some of the feedback we received.

You're probably aware that the COVID-19 pandemic gave financial markets a good rattle beginning in late February. Now, most public stock and bond markets have rallied and regained much of their value, and the same is true for your TRS pension fund. Find out how your investment division works for you on **page 5**.

The deadline is quickly approaching for petitions for the Public School District Employee position on the TRS Board of Trustees. Read the article inside to see how you can nominate yourself or someone you know.

At this time, the majority of TRS staff are still working remotely. Those who have returned to the office are taking all safety precautions and guidance given by public health officials. We're continuing to assess the current situation and move beyond limited, appointment-only in-person meetings with members once it is safe to do so. Please check the TRS website at [www.trs.texas.gov](http://www.trs.texas.gov) and TRS social media channels for future updates.

Finally, from all of us here at TRS, we wish you continued good health and a safe holiday season.

Brian

# Purchasing Service Credit: *What You Need to Know*

Service credit is an important part of determining and calculating eligibility for retirement benefits including TRS-Care. It affects the amount of a service or disability retirement benefit you may receive when you retire. It can also affect the benefits paid to your beneficiary.

You can establish service credit in two ways: Through eligible employment in Texas public education, and by purchasing service credit when eligible to do so.

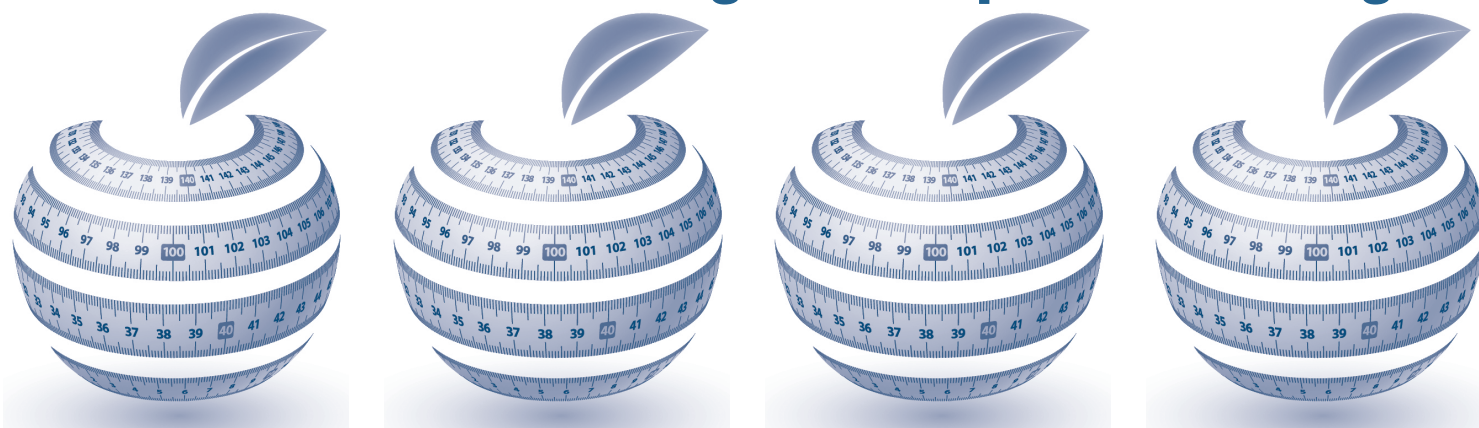
## Things You Should Consider

- 1 Carefully consider purchasing service credit when you're first eligible to do so.** The cost to purchase service credit generally increases over time.
- 2 Plan ahead!** Service credit can be purchased in three different ways, depending on the type for which you're eligible. Be sure you set aside enough time to complete the process. In some cases, the process can take more time than you might anticipate, especially if you're rolling over from another eligible retirement plan. Service credit purchases must be completed in full by the time of retirement and before retirement annuity payments begin.
- 3 Review service credit and salary on your annual statement.** If service credit or compensation that should have been reported to TRS is not listed on your statement, you must verify that service or compensation to TRS **within five years** from the end of the school year in which you rendered that service or in which the compensation was paid.

**If you do not notify TRS and verify your service or compensation by the deadline, you will not be able to establish TRS credit for the service or compensation, and you will not be able to use the service or compensation for TRS benefit purposes.**

If you find an error on your statement regarding salary or service credit **for the most recent school year**, you may be able to have your employer correct the error without additional cost to you (if you are still employed by the same employer). Member contributions will be due on the compensation that was paid. You must notify your employer and TRS immediately in writing upon noticing the error but no later than May 31 of the year following the year the service was rendered and/or the compensation was paid.

## The Latest News on Long-Term Space Planning



TRS continues to work on identifying an appropriate generational solution for its long-term facility needs. As the state of Texas grows, TRS membership grows. In order to meet our growing membership and business needs, we've added staff over the years and are running out of space in our current locations. Population projections indicate continued growth throughout Texas. Therefore, TRS continues to look for a solution that will be beneficial to the agency and its members for many years to come.

In addition to determining where TRS can best serve you for the next 20-30 years, the solution for long-term facilities must also be: cost effective; consider all stakeholders; and support the goal of consolidating all Austin headquarters staff into TRS-owned facilities. The idea also takes into account the expressed desire of members to meet with TRS staff in person as well as the abilities and successes of staff working from home and at the office.

A long-term facilities discussion will take place at the upcoming December board meeting. Tune in to the webcasts to follow the discussion. You can find links to webcasts and all meeting materials at [www.trs.texas.gov](http://www.trs.texas.gov).

## TRS-ActiveCare *continued from page 1*

District Feedback	TRS Solution
Limit premium increases	• New low-premium plan for employees with copays for primary care and specialists
Reduce premiums for child coverage	• Premium decreases in tiers with children
Improve family affordability	• Lower deductibles for employees in family tiers
Eliminate county boundaries	• Statewide networks for all plans
Maintain choice	• Enhanced existing plans and kept access to a broad network

A survey of school district benefits staff showed that 73% of them thought their employees would respond positively to these changes. Our enrollment numbers confirm they were right – there were increases in participants in districts all across the state.

### As New TRS-ActiveCare Plan Year Starts, 40% of Participants Enrolled in One of the New Primary Care Plans

Almost half of all enrollments (40%) were for two new plans that are the biggest departures from previous coverage: TRS-ActiveCare Primary and TRS-ActiveCare Primary+. Both plans focus on the relationship between participants and a primary care provider (PCP).

PCPs are integral in helping people meet specific goals and improve their overall health. We believe participants will see positive health outcomes through sustained work with their trusted provider.

TRS-ActiveCare Primary, the plan with the lowest premiums, has 24% of all participants enrolled in it (as of the latest data available on Oct. 28, 2020).

Each of the Primary plans have copays that can be used before the deductible is met. We also changed the deductible structure of all plans so dependents only need to meet their own deductible rather than the family amount before coverage begins. This change was key in addressing affordability for participants with children.

In a May 2020 survey, most districts indicated they felt TRS heard their concerns after they learned of these changes. Moving forward, we'll continue to collaborate with district leaders to engineer health plans that fit the specific needs they hear from their employees.

## TRS Resumes Limited In-Person Office Visits

In addition to phone and virtual counseling sessions, we are now offering limited in-person office visits at our Austin headquarters. To ensure the safest experience possible, visits must be scheduled in advance.

Here is what you can expect if you'll be coming to Austin to see us:

- Prior to entering the building, you'll answer a simple COVID-19 symptom screening questionnaire, and your temperature will be checked with a touchless thermometer.
- Members can be accompanied by a maximum of one other person.
- In accordance with CDC guidelines, face coverings will be required while inside the building. Masks will be available for members who do not bring their own.
- Throughout the building, you'll notice several safety enhancements including increased signage, hand sanitation stations, plexiglass, and socially distanced furniture.
- Office visits will be held in conference rooms that allow for social distancing with plexiglass between you and the counselor.
- Conference rooms will be sanitized between meetings, and hand sanitizer will be readily available.

While we have resumed limited onsite appointments, our offices remain closed to walk-in visitors. TRS leadership will continue to closely monitor the latest guidelines from public health officials to ensure we can safely continue to meet with our members face to face. To schedule a virtual or in-person appointment, please call us at 1-800-223-8778.



## Inside the IMD: A Series of Articles about TRS' Investment Management Division

# What Does Your Investment Division Do?

By: Jase Auby, TRS Chief Investment Officer



### What is the IMD?

TRS' Investment Management Division, also called 'IMD' for short, manages the investments that drive the trust fund's growth year after year. Contributions from the state, your employer and the regular contributions we all make as TRS members are invested and those investment returns make up about two thirds of what the trust uses to pay retirees' annuities. Last year, as of August 2019, TRS paid almost \$11.4 billion in annuities to more than 434,000 retirees and their beneficiaries (Source: [2019 CAFR](#)).

The long-term challenge for the IMD is to keep the pension trust fund performing well so it will fund members' retirement plans. Every year, TRS needs to bring in that \$11 billion amount, plus enough to sustain the trust well into the future.

Today, our trust fund has a value of around \$160 billion. While the COVID-19 health crisis diminished returns somewhat this spring, compared with last summer, the overall value of the fund is recovering and remains *nearly twice the asset value from just ten years ago*. It is critical that the investments perform as well as possible for the long term. This is a big responsibility and one that I take seriously. Our financial goals are based around what is called the assumed rate of return. The TRS Board of Trustees has set this return at an annual rate of 7.25%, which is in line with other U.S. public pension funds. That means, on average over the long term, we strive to earn above that target. It is important to note that "on average" implies that about half the years we will exceed the target and other years, it will be lower. In the last 3-, 5- and 10-year periods, we have returned 5.8%, 6.3% and 8.5%, respectively, as of June 30, 2020.

### How do We Invest Your Contributions?

Today, the IMD invests in a dozen different asset types. This practice is known as diversification, or said more simply, not putting all your eggs in one basket. Those asset types include publicly-traded stocks and bonds as well as privately-held investments such as real estate. Every five years, your board of trustees reviews the strategic asset allocation to see if any changes are warranted. Last fall, the board refined the asset allocation by increasing the amount allocated to higher-returning private assets, increasing the allocation to safer, fixed income assets (bonds) and introducing a modest amount of leverage (4%).

Earning your trust every day, the IMD is solely focused on increasing value for you, our members. We prioritize transparency to the board and to you. You can see this transparency in action as each IMD business group presents a detailed annual review of its strategy to the board. I encourage you to view some of the materials from prior meetings of the Board's Investment Management Committee in the Board of Trustees section of the [TRS website](#).

### Staying Competitive

Your investment team works hard to keep a competitive advantage over the many other pension plans and investors around the U.S. and the world. Like any good sports team, we want the best strategies and talent to produce a high level of performance for you that no one else can match. Therefore, we work extensively with both internal and external experts to develop effective strategies. Additionally, we have staff who spend much of their time finding new opportunities that can produce the most return for the risk taken.

Our mission every day is to invest well in order to maximize the value of **your** retirement.

TRS encourages members to submit questions about your Investment Management Division for future *TRS News* articles. Contact TRS Communications with your ideas: [rob.maxwell@trs.texas.gov](mailto:rob.maxwell@trs.texas.gov).

# JOIN US: Statewide Benefit Presentations and Individual Retirement Counseling Sessions Underway

**A friendly reminder:** TRS is currently conducting benefit presentations and individual retirement counseling sessions for active members and those considering retirement in the 2020-21 school year.

Schedules and location details, dates and times are listed on the [Statewide Benefit Presentations and Individual Retirement Counseling Sessions](#) page on the TRS website. *Please note: Spring presentations and counseling sessions scheduled to be conducted in-person are subject to change.* Please check the webpage often to view any possible updates due to COVID-19.

## Register today!

**Benefit Presentations:** You may register for a benefit presentation through [MyTRS](#). If you have not registered for *MyTRS*, set up an account today. If you do not have a *MyTRS* account or are unable to create one, call 1-800-223-8778.

**Individual Retirement Counseling Sessions:** Please call 1-800-223-8778 to reserve your seat.

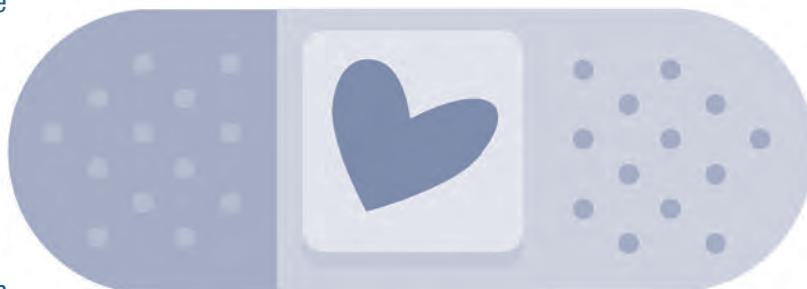
Reservations are on a first-come, first-served basis, and must be made by the deadlines listed on the TRS website. Members will receive a confirmation email with their scheduled date and time. TRS is the only contact to schedule meetings. **Please do not call meeting locations for information.**

**Note:** Members who register for group presentations are not automatically registered for individual appointments. Members who make individual appointments do not need to attend a group presentation.

## Flu Shots Are Available at No Cost to You

It's flu season and this year, getting your annual flu shot is more important than ever as COVID-19 cases continue to rise. Many symptoms of the common flu overlap with COVID-19 symptoms. Protecting yourself from the flu will help prevent COVID-related health scares and keep your immune system strong when your body needs it most.

Flu shots are covered at 100% by your TRS-ActiveCare plan. To get a flu shot, call your primary care provider (PCP) or check to see if your local pharmacies are administering them.



## TRS-ActiveCare COVID-19 Coverage

TRS works to bring predictability to your medical costs during this unpredictable time. We'll continue to provide \$0 COVID-19 testing, telemedicine and hospital stays through 2020 in addition to your current TRS-ActiveCare plan benefits. This specifically includes:

- \$0 medical copays for all diagnostic testing relating to COVID-19
- \$0 for inpatient hospital stays for treatment of COVID-19
- \$0 telemedicine visits through 1) TRS Virtual Health visits through Teladoc and 2) any in-network provider who delivers virtual care, such as live video conferencing

We're closely monitoring the impact of COVID-19 on the financial position of health plans and balancing that with the goal of providing coverage that brings our participants peace of mind. We'll continue to rely on public health officials and work with our vendors to find the best long-term solution for additional COVID-19 coverage in the future.

For the most up-to-date information on COVID-19 coverage, visit [www.trs.texas.gov/covid-19](http://www.trs.texas.gov/covid-19).

# Deadline Approaching: Petitions for the Public School District Employee Position for the Board of Trustees

TRS is accepting petitions for eligible members to qualify as candidates for the election of the Public School District Employee position on the TRS Board of Trustees. The deadline for receiving these petitions is **Jan. 25, 2021**.

The term of the position begins as early as Sept. 1, 2021 and ends Aug. 31, 2027. An eligible member for this election is a current employee of a public school district, charter school or regional education service center in a TRS-eligible position.

To qualify to be a candidate for nomination, an eligible member must collect 250 signatures from TRS members whose most recent TRS service was performed for a public school district, a charter school or regional education service center. **TRS is offering two ways in which a potential candidate may collect the required 250 signatures.**

**1) Electronic Petitions** – A potential candidate will declare his/her interest to be a nominee to the [Secretary to the Board of Trustees](#). Once the member's eligibility is validated, the member's name will be posted on the [nomination site](#) where the potential candidate may direct members to sign their electronic petition. The names of nominees will be listed on a first-come, first-listed basis. To sign the electronic petition, members will need to provide identifying information in order to verify their eligibility to sign the petition. The process is easy and only takes a few minutes. **For an electronic petition, the potential candidate does not need to submit anything further to TRS but must have 250 member signatures by Jan. 25, 2021 to be considered a candidate.**

**2) Paper Petitions** – TRS will also continue to allow potential candidates to collect signatures with paper petitions. **TRS must receive a potential candidate's paper petitions, with 250 eligible member signatures, no later than Jan. 25, 2021.** You may download a [petition \(pdf\)](#) from the Resources section on the [Nominations for TRS Board of Trustees Public School District Employee Position](#) page on the TRS website. If you do not have access to a printer, please contact the [Secretary to the Board of Trustees](#) to request a petition be mailed to you.

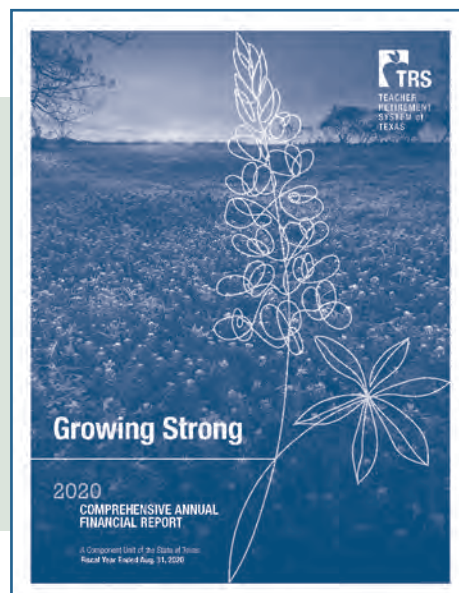


## Sunset Advisory Commission Review Continues

Last fall, the Sunset Advisory Commission began reviewing the mission and performance of the Teacher Retirement System of Texas (TRS). If you'd like to learn more about the Sunset process and timeline or opportunities for engagement, please visit the Sunset Advisory Commission Invites Public Input page on the TRS website. This can be found by going to [www.trs.texas.gov](http://www.trs.texas.gov) and clicking on the appropriate link located on the homepage.

## 2020 Comprehensive Annual Financial Report

In late November, TRS will publish its 2020 *Comprehensive Annual Financial Report* (CAFR). The report will provide stakeholders with a complete picture of the system's operations for the past year. Look for it on the [What's New](#) and [Publications](#) pages of the TRS website.





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**CHANGE SERVICE REQUESTED**

## Next Legislative Session Begins in January



The 87<sup>th</sup> Texas Legislature will convene on Jan. 12, 2021. As in the past, bills under consideration may affect TRS programs and operations. While the final status of many bills may not be known until June, TRS members planning to retire in 2021 may want to know about proposed legislation.

After the session begins, detailed information on bills may be obtained by calling the Legislative Reference Library's Bill Status Information Office at its toll-free number (1-877-824-7038). Please have the number or specific topic of the bill that interests you. This will help library staff members locate the information you are seeking. You will also be able to view proposed legislation through the library's website at [www.lrl.texas.gov](http://www.lrl.texas.gov) or by visiting Texas Legislature Online at [www.capitol.texas.gov](http://www.capitol.texas.gov).

Following each legislative session, TRS informs members of significant changes and new laws that may impact their TRS benefits or eligibility for benefits. Watch for updates published in future *TRS News* editions located on the TRS website, [www.trs.texas.gov](http://www.trs.texas.gov). Be sure to also like us on Facebook so that you can be reminded in early June of important information after the session concludes. Please know that while TRS strives to keep you informed of the impact of adopted legislation on TRS and the benefits administered by TRS, TRS is not allowed to advocate regarding legislative changes.